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May 24, 2002

Federal Election Commission
Office of the General Counsel
999 E Street N.W.
Washington, DC 20463

RE: MUR 5266

Dear General Counsel:

Enclosed is Respondent Second National Bank of Warren, Ohio's Answer to the Complaint in the above-referenced MUR. Affidavits of Shawn Pompelia and John L. Falatok are attached to the Answer as Exhibits 1 and 2 respectively. Both the Answer and the Affidavits are completely responsive to the Complaint to the fullest extent in consideration of the following

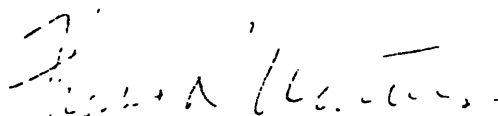
1. The alleged violation contained in the Complaint is not clearly set out. Nevertheless, we believe our response addresses all of the requirements that are contained in the statute with respect to loans of this nature.

2. Neither the Answer nor the Affidavits identify names, addresses or specific rates in consideration of bank policy on privacy and Federal banking privacy statutes.

However, having said this, we think it is clear that we have responded fully to the Complaint made by Mr. Walter.

If you have questions regarding this filing, please call me at the above-referenced number.

Sincerely,



Thomas R. Winters

TRW/gjs
Enclosure

cc Mr. Christopher Stanitz
Charles S. DeRousie, Esq.
Randal C. Teague, Esq.

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IN THE FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

Randy D. Walter,

Complainant

vs.

MUR 5266

Second National Bank
108 Main Avenue, S.W.
P.O. Box 1311
Warren, Ohio 44482,

Respondent

RESPONDENT'S ANSWER

Respondent, Second National Bank of Warren, Ohio states the following as its Answer to the Complaint in MUR 5266:

1. Second National Bank ("Bank") of Warren, Ohio is a national bank. The Bank's main office is at 108 Main Avenue, S.W , Warren, Ohio 44482-1311.
2. The credit adjudication and approval for the loan that is the subject of the Complaint in this Matter Under Review was done by Shawn Pompelia, commercial lending officer, Second National Bank of Warren, Tippecanoe Branch located at 6515 Tippecanoe Road, Canfield, Ohio 44406. (See Exhibit 1 attached, Affidavit of Mr. Pompelia) His decision was final and completely within his discretion for a loan of this type and amount

3. 2 U.S.C. 431 (8)(B)(vii) excludes from the definition of "contribution" "bank loans that are made in accordance with applicable law and in the ordinary course of business".

4. Additionally, the Federal Election Commission is responsible for implementing statutory requirements implementing this Code section. At 11 C.F.R. Section 100.7 (b)(11) the Commission states that "any loan of money by a State bank, a federally chartered depository institution (including a national bank) . . . is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it: Bears the usual and customary interest rate of the lending institution for the category of the loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule."

5. As evidenced by Mr Pompelia's sworn statement, the loan in question complied with each of the above requirements. Further the maker of the loan who is the subject of the Complaint had both personal accounts with the bank as well as an account for his campaign committee.

6. As stated in Mr Pompelia's Affidavit, the loan was structured on an index formula used by the bank for unsecured commercial loans to individuals. (See Exhibit 1, point 5) Further, when Mr Pompelia conducted the pricing model he determined the Bank would receive a return on equity that met the design of the Bank's profitability model (See Exhibit 1, point 6)

7. The maker of the loan that is the subject of this Complaint had informed Mr. Pompelia that the maker would pay back the loan within the six-month period when the loan was due or sooner using political funds raised at fundraising events and from contributors. (See Exhibit 1, point 9.)

8. The Bank through its Senior Vice President and Chief Lending Officer has reviewed the entire file connected with the loan in question. (See Exhibit 2 attached, Affidavit of Mr. Falatok) Mr. Falatok's experience in these matters is considerable and his position of authority as an officer in the Bank is significant. He states without equivocation in his Affidavit that the loan that is the subject of this Complaint was made in accordance with the standard policies and procedures of the Bank and in the ordinary course of business and in accordance with all applicable banking laws and regulations. (See Exhibit 2, point 9.)

Further, he states that the Bank was confident of repayment on the due date and that the loan was at neither the highest nor the lowest amount for unsecured loans to individuals of that category during the period of March and April, 2002

9. The evidence contained in both Exhibits 1 and 2 makes it clear that the Bank in following its procedures and applicable banking laws has made a loan in compliance with its duties and responsibilities and has met the burden of 2 U.S.C. 431 and 11 C.F.R. 100.7. even though Mr. Pompelia may not have been specifically aware of the statute at the time the loan was made.

Further Respondent believes that it should be dismissed from this matter, at the earliest possible time, based on the law and evidence presented

Respectfully submitted,



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Counsel for Respondent
Second National Bank of Warren, Ohio

IN THE FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

Randy D. Walter,

Complainant

vs.

MUR 5266

Second National Bank
108 Main Avenue, S W
P O Box 1311
Warren, Ohio 44482,

Respondent

AFFIDAVIT OF SHAWN POMPELIA

Shawn Pompelia, being first duly cautioned and sworn, states as follows:

- 1 I am a resident of Warren, Ohio. I am the commercial lending officer for the Second National Bank Tippecanoe Branch located at 6515 Tippecanoe Road, Canfield, Ohio 44406 My telephone number is (330) 702-5108
- 2 I have been an employee of Second National Bank ("Bank") for twelve years in the following positions 1990-1994 Branch Banking Officer, 1994-2000 Regional Manager, and 2000-Present Commercial Lending Officer

As a Branch Banking Officer and Regional Manager, part of my responsibilities included originating commercial loans as well as other loan products

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3. I make this affidavit on personal knowledge, information, observation and belief for the purposes of informing the Federal Election Commission of the facts and circumstances in the above-captioned matter

4 On March 21, 2002 the borrower that is the subject of the Commission's review came to the Second National Bank branch office on Tippecanoe requesting an unsecured loan for use by his political campaign for Congress. The borrower in question informed me that another individual known to both of us could act as co-borrower if that would assist his request for the loan

5. In order to assure repayment of the loan, I determined that the Bank would make the loan if there was a co-borrower acceptable to the Bank After discussions involving the prospective co-borrowers, I completed the Bank's internal documentation requirements along with the Bank's loan pricing model The interest rate was determined taking into account the deposit relationships and the credit worthiness of the two borrowers and was within the range of interest rates for the Bank for commercial loan customers The loan was structured based on an index formula used by the Bank for unsecured commercial loans to individuals This interest rate is purely variable and adjusts to the index rate used by the Bank

6 I also collected a document preparation fee When I conducted the pricing model, I determined that the Bank would receive a return on equity that met the design of Second National Bank's profitability model

7 In my discussions with one of the borrowers in question on March 25, 2002, I specifically asked him if he was allowed to borrow funds under the rules

set forth by the appropriate governmental entity regulating congressional elections. He stated to me that he had called the Federal Election Commission to see if this process was compliant with their rules and regulations. He told me that he had received verbal assurances from the FEC that his actions were in compliance with appropriate laws and regulations regarding loans for political campaigns.

8. At the loan closing on March 28, 2002, at which time the written instrument evidencing the debt was signed, the other co-borrower specifically asked similar questions of the co-borrower in question in my presence regarding the appropriateness and legality of the loan in connection with appropriate Campaign Finance Laws. Again, the borrower's answer was the same, that the FEC had given him approval for the process.

9. The co-borrower in question stated to the other co-borrower in my presence that the loan was needed to fund his various expenses incurred during the campaign. He informed us that he would pay the loan back within the six-month period when the loan was due or sooner with political funds raised at fundraising events and from contributors. He stated that if he did not generate enough money with the fundraising events he would go to friends and family members to make contributions to retire the debt.

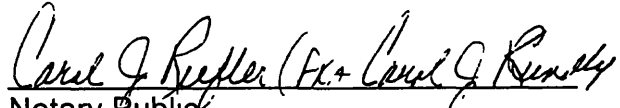
10. I made this sound credit decision based on the borrowers' credit worthiness and ability to pay. The loan was made in the ordinary course of business and in the same manner as other individual unsecured loans that I have completed. It was my belief at the time the loan was made that all applicable

laws had been followed, that bank policy had been strictly adhered to, and that the loan was a good loan with all likelihood of repayment to the bank at a solid, appropriate rate of return.

Further affiant sayeth naught


Shawn Pompelia

SWORN to before me and SUBSCRIBED in my presence this 24th day
of May, 2002


Notary Public

CAROL J. KERSLEY
NOTARY PUBLIC STATE OF OHIO
MY COMMISSION EXPIRES 11/11/03

IN THE FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

Randy D Walter,

Complainant

vs.

MUR 5266

Second National Bank
108 Main Avenue, S W
P O Box 1311
Warren, Ohio 44482,

Respondent

AFFIDAVIT OF JOHN L. FALATOK

John L Falatok, being first duly cautioned and sworn, states as follows

1 I am a resident of Rootstown, Ohio I am Senior Vice President and Chief Lending Officer for Second National Bank with its main office at 108 Main Avenue, S W , P O Box 1311, Warren, Ohio 44482-1311 My telephone number is (330) 841-0123

2 I have more than twenty years experience as a commercial lending officer and have been the senior commercial lending officer for Second National Bank for one and a half years

3 I make this affidavit on personal knowledge, information, observation and belief for the purposes of informing the Federal Election Commission of the facts and circumstances in the above-captioned matter

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4 The extension of unsecured business credit to individuals for periods of less than one year is a typical function of a commercial bank. Approvals for this type of credit up to \$350,000.00 are vested with a commercial lender on an individual basis.

5 In the matter of the loan in question, the loan was made on the basis as mentioned above by Mr. Shawn Pompelia who is a commercial loan officer at Second National Bank's Tippecanoe Branch located at 6515 Tippecanoe Road, Canfield, Ohio 44406.

6. I have reviewed the entire file that constitutes the loan transaction in this matter, including application, summary and its attached documentation. It is my belief that the bank's lending officer did grant this extension of credit completely within the bank's commercial loan policy.

7 The bank determined that the loan you have inquired about was for a business purpose. The timeframe for repayment was reasonable and complied with the bank's policy. The loan was evidenced by a written instrument.

8 I have reviewed the bank's files during the period of March and April, 2002 and compared the rates that were extended to individuals for unsecured commercial loans. The interest rate was based on an index rate formula that was higher than many interest rates charged for similar unsecured extensions of credit to individuals during that same time period. Thus, the loan in question did yield a usual and customary interest rate of the bank for this category of loan.

9 I can state without equivocation that this loan was made in accordance with standard policies and procedures of Second National Bank in the ordinary

course of business and to my knowledge in accordance with all applicable banking laws and regulations In reviewing the bank's records on this loan, the bank was confident of repayment on the due date The loan was neither the highest, nor the lowest amount for an unsecured loan to an individual in this category during this time period

Further affiant sayeth naught

John L. Falatok
John L. Falatok

SWORN to before me and SUBSCRIBED in my presence this 24 day
of May, 2002

Darlene M. Davies
Notary Public

DARLENE M. DAVIES, NOTARY PUBLIC
State of Ohio
My Commission Expires April 29, 2003